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FEDERAL COMMUNICATIONS COMMISSION  
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28 OCT 1993

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Honorable Robert H. Michel  
House of Representatives  
2212 Rayburn House Office Building  
Washington, D.C. 20515

93-253

Dear Congressman Michel:

This in reply to your letter of September 3, 1993, on behalf of your constituent Glenn Rauh. Mr. Rauh is concerned about the impact of the competitive bidding provisions of the Omnibus Budget Reconciliation Act of 1993 (Budget Act) on small businesses and rural telephone companies. Your letter was referred to me because the Office of Plans and Policy is responsible for implementing the competitive bidding provisions of the Budget Act for the Commission.

On October 12, 1993, the Commission released a Notice of Proposed Rule Making, PP Docket No. 93-253 (Auction NPRM), to implement the provisions of the Budget Act concerning competitive bidding. According to the Budget Act, the Commission must ensure the economic opportunity of small businesses, businesses owned by women and minorities and rural telephone companies. To meet this Congressional mandate, the Auction NPRM proposed a variety of financial incentives for the designated entities. Specifically, we proposed to offer the designated entities the equivalent of government financing for payment of their bids for services subject to competitive bidding i.e., installment payments with interest. We also asked for comment on the use of tax certificates. In the case of broadband PCS, the Commission also proposed to set-aside two blocks of spectrum in each market, one of 20 MHz and one of 10 MHz, for bidding by the designated entities. In this manner, the designated entities would only compete with one another for broadband PCS rather than against larger entities with easier access to capital. As we consider the comments filed in the competitive bidding proceeding, I can assure you that we will keep in mind our mandate to ensure economic opportunity for the designated entities, including small businesses and rural telephone companies, as required by the Budget Act.

Sincerely,

Robert Pepper  
Chief  
Office of Plans and Policy

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ROBERT H. MICHEL  
18TH DISTRICT, ILLINOIS

RAY LaHOOD  
CHIEF OF STAFF

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-1318**

September 3, 1993

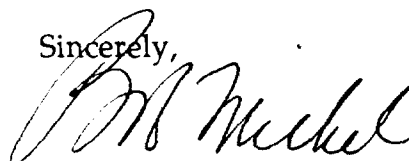
The Honorable James H. Quello  
Acting Chairman  
Federal Communications Commission  
1919 M Street - NW  
Washington, DC 20554

Dear Chairman Quello:

Please review this letter I received from a constituent urging the FCC grant licenses and set aside spectrums to allow exchange carriers to provide Personal Communications Service. I support regulatory policies that enhance competition, and hope this request would be evaluated on that basis.

Thank you for your consideration.

Sincerely,



Robert H. Michel  
Member of Congress

RHM:pdv  
Enclosure

RESPOND TO:

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**GLENN E. RAUH**  
*President*

**JOHN R. RAUH**  
*1st V-Pres.*

**ALLEN J. RAUH**  
*2nd V-Pres.*

**KEVIN R. RAUH**  
*Sec'y-Treas.*

August 19, 1993

The Honorable Robert Michel  
United States House of Representatives  
2112 RHOB  
Washington, DC 20515

Dear Representative Michel:

My company, Metamora Telephone Company, a local exchange carrier providing telephone exchange services in Woodford County, Illinois, strongly urges the Federal Communications Commission to grant Personal Communications Service (PCS) licenses and set aside the requisite spectrum for exchange carriers to provide PCS in their respective local serving areas. Since exchange carriers are already obligated and organized to provide economical common carrier services to the general public, their provision of PCS would allow this new service to be widely and rapidly available. Moreover, their participation will facilitate the efficient use of resources of the local network which will support PCS as well as other new services, enabling alternative methods of local distribution and delivery of quality service to their customers.

The Commission has consistently taken the position that exchange carriers are exceptionally well-qualified to provide radio-based telecommunications services to local subscribers. Providing an opportunity for exchange carriers to deploy PCS in their own serving areas is fully consistent with the Commission's previous set-aside of cellular spectrum for wireline carriers due to their expertise and experience. Like cellular, exchange carriers are well qualified to provide PCS. They have the technical expertise, the resources, and the local distribution network necessary for rapid deployment, and at the lowest cost. Foreclosing their participation would thus eliminate experienced and capable exchange carriers from competing in their own service market and utilizing the economies in their networks.

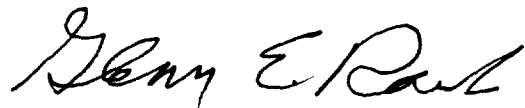
It would also preclude PCS availability in rural areas where they presently serve. Indeed, the Congress in the Budget Reconciliation bill specifically mandated that the Commission shall "ensure that small businesses, rural telephone companies... be given the opportunity to participate in the provision of spectrum - based services and for such purposes consider the use of tax certificates and bidding preferences."

Exchange carrier participation in the provision of PCS in their own serving areas would realize the following potential benefits:

- o **First**: PCS can help achieve the Commission's and the exchange carriers' universal service obligations.
- o **Second**: PCS can offer exchange carriers the opportunity to expand and enhance radio-based services to rural and isolated areas.
- o **Third**: exchange carrier participation can increase and complement utilization of the local network infrastructure, thereby increasing its efficiency.
- o **Fourth**: some, even much of the local distribution infrastructure for PCS, including copper and fiber networks, digital central office switches and intelligent network capabilities is in place in the exchange carriers' own serving areas, and is ready to be used for PCS applications.
- o **Fifth**: it will enable exchange carriers to offer new radio-based services to their customers and provide an incentive for them to give customers the greatest efficiency benefits from their existing and developing network infrastructure. In contrast, forcing exchange carriers outside their serving areas will destroy any opportunity that an exchange carrier could promote synergies in its wired and wireless infrastructure.

In sum, permitting the approximately 1300 exchange carriers to offer PCS inside their own serving areas would allow them to accommodate diverse geographic and customer requirements. Exchange carriers have the experience and capability to deploy PCS expeditiously in a manner best suited to meet customer demands for increased mobility and portability. They have proven that they can work together to create and operate the current seamless telecommunications network through appropriate business arrangements. They could certainly do so with PCS given the same opportunity.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Glenn E. Rauh". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Glenn E. Rauh, President  
Metamora Telephone Company